

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W.R. GRACE & CO., <u>et al.</u> ,)	Case No. 01-01139(JKF)
)	(Jointly Administered)
Debtors,)	

**MISSOURI DEPARTMENT OF REVENUE'S RESPONSE TO
DEBTORS' TWENTY-FIFTH OMNIBUS OBJECTION TO CLAIMS**

The Missouri Department of Revenue (MDOR) states the following in response to Debtors' Twenty-Fifth Omnibus Objection to Claims, including Claim No. 17719 filed by MDOR in the amount of \$43,337.71:

1. Debtors object to Claim No. 17719 because Debtors' books and records show that the only liability for this claim is \$15,234.00 and, therefore, the claim should be allowed in the amount of \$15,234.00.
2. Claim No. 17719 represents corporate income tax liabilities owed by Debtors for the tax years 1990, 1992, 1993 and 1994.
3. Debtor filed amended corporate income tax returns for the periods in question.
4. MDOR adjusted the amended returns for 1990 and 1992 based upon the Federal Income Tax Audit figures. These adjustments resulted in the tax liability being increased and are the cause of the discrepancy between Debtors' books and records and the amounts stated in MDOR's claim.
5. Debtors' original 1990 corporate income tax return listed federal taxable income of negative \$722,628.00. The information received from the federal income tax audit increased the federal taxable income by \$39,245,146.00 which resulted in a total federal taxable income amount of \$38,522,518.00 rather than \$1,494,846.00 as reported on Debtors' amended return.
6. Debtors' original 1992 corporate income tax return listed federal taxable income of \$183,566,531.00. The information received from the Federal Income Tax Audit increased the federal taxable income by \$23,772,876.00

which resulted in a total federal taxable income amount of
\$207,339,407.00.

7. MDOR's claim is *prima facie* evidence of the validity and amount of the claim under Bankruptcy Rule 3001(f).
8. Debtors' books and records should not be dispositive as to whether a liability is owed to MDOR.

Respectfully submitted,

Jeremiah W. (Jay) Nixon, Attorney General
State of Missouri

By: /s/ Sheryl L. Moreau
Sheryl L. Moreau, Mo. Bar # 34690
Special Assistant Attorney General
Missouri Department of Revenue
General Counsel's Office
301 W. High Street, Room 670
P.O. Box 475
Jefferson City, MO 65105-0475
(573) 751-5531 FAX (573) 751-7232
E-Mail: Sherry.Moreau@dor.mo.gov
Attorney for Department of Revenue

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Missouri Department of Revenue's Response to Debtors' Twenty-Fifth Omnibus Objection to Claims was served upon all parties receiving electronic notification on the 11th day of September 2008.

/s/ Sheryl L. Moreau